

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 TRSE-00 OMB-01 EB-08 COME-00 ACDA-12
CTME-00 /110 W

-----069470 181203Z /44

P R 181021Z JUL 78
FM AMEMBASSY PRETORIA
TO SECSTATE WASHDC PRIORITY 1772
INFO AMEMBASSY DAR ES SALAAM
AMEMBASSY GABORONE
AMEMBASSY LUSAKA
AMEMBASSY LONDON
AMEMBASSY LILONGWE
AMEMBASSY MAPUTO
AMEMBASSY PARIS
USMISSION USUN NEW YORK

C O N F I D E N T I A L PRETORIA 4055

FROM LOW

E.O. 11652: GDS
TAGS: PDEV, PINT, RH, SF
SUBJECT: CURRENCY SCANDAL IN RHODESIA MAY INVOLVE GOVERNMENT
LEADERS

1. JULY 13 RHODESIAN PRESS REPORTED A CURRENCY SCANDAL WHICH
COULD INVOLVE HIGH-LEVEL GOVERNMENT FIGURES. SAME DAY
RHODESIAN ATTORNEY GENERAL TREACY ANNOUNCED THAT SIX UNNAMED
PERSONS HAD BEEN DETAINED ON CHARGES UNDER EXCHANGE CONTROL
ACT AND WOULD SOON BE TRIED IN CAMERA. TREACY SAID NAMES
WOULD NOT BE RELEASED IN ORDER "TO PROTECT THE NATIONAL
INTEREST FROM THE ECONOMIC AND SECURITY POINTS OF VIEW."
HOWEVER, CO-EDUCATION MINISTER ROWAN CRONJE TOLD A PUBLIC
MEETING JULY 12 THAT SEVERAL PERSONS, INCLUDING CERTAIN
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CIVIL SERVANTS AND A MEMBER OF AN OPPOSITION PARTY (BUT NO
MEMBERS OF THE RULING RHODESIAN FRONT PARTY) WERE INVOLVED
IN A CURRENCY SCANDAL INVOLVING DEFENSE FUNDS ILLEGALLY
EXPORTED FROM RHODESIA. HE DENIED THAT THERE WAS A COVER-UP,
AND STATED THE NAMES WOULD BE DIVULGED "AT AN OPPORTUNE TIME."

2. ACCORDING TO A RELIABLE PRESS SOURCE, THE SWINDLE INVOLVES

UP TO DOLLARS FIVE MILLION (RHODESIAN) CONTRIBUTED BY SAG TO RHODESIAN WAR EFFORT WHICH HAS BEEN DIVERTED INTO POCKETS (AND FOREIGN BANK ACCOUNTS) OF PRESENT AND FORMER SENIOR RG OFFICIALS (INCLUDING POSSIBLY STATE PRESIDENT JOHN WARTHALL) THROUGH OVER-INVOICING OF DEFENSE CONTRACTS. ACCORDING TO SOURCE, AMONG THOSE ALREADY CHARGED AND/OR IMPRISONED ARE ROY SIMMONDS, EX-RHODESIAN FRONT MP AND ONE OF TWELVE WHO BOLTED PARTY TO FORM RHODESIAN ACTION PARTY; NORMAN BRANT, UNDER-SECRETARY FOR DEFENSE; TIM PITTARD, THE PRIME MINISTER'S ADVISER ON CUSTOMS MATTERS; AND S.E. MULLER, AN EXECUTIVE IN A CUSTOMS-CLEARING AGENCY. SOURCE ALSO SAID FRENCH AND SAG WERE WORRIED ABOUT CASE SINCE "EMBARRASSING SECRETS" CONCERNING SANCTIONS-BREAKING "LYNX DEAL" (SALE OF FRENCH FIGHTER PLANES TO RHODESIA ORCHESTRATED BY SIMMONDS IN EARLY 70'S) COULD LEAK OUT.

3. ALTHOUGH RHODESIAN GOVERNMENT CENSORED MOST OF INFORMATION ABOUT SCANDAL, MANY OF DETAILS WERE COMMON KNOWLEDGE IN SALISBURY WHITE COMMUNITY. ALSO, JULY 16 JOHANNESBURG SUNDAY TIMES PRINTED EXTENSIVE EXPOSE OF SCANDAL, LISTING ABOVE NAMES AND CHARGING INTERIM GOVERNMENT HAD LAUNCHED "A DESPERATE COVER-UP" TO STOP SECRETS OF ITS SANCTIONS-BREAKING OPERATIONS FROM BEING REVEALED. SOUTH AFRICAN PRESS ACCOUNTS OF JULY 18 SAY THIS "SUNDAY TIMES" ISSUE PLUS OTHER SOUTH AFRICAN PAPERS CARRYING STORIES ON THE SCANDAL ARE BEING CONFISCATED IN SALISBURY.

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4. COMMENT: SCANDAL, INVOLVING REVELATIONS OF SENIOR GOVERNMENT OFFICIALS ENRICHING THEMSELVES AND, BY IMPLICATION, PREPARING TO FLEE RHODESIA FOR SAFE HAVENS, IS YET ANOTHER BLOW TO WHITE RHODESIANS' MORALE. IT AND RECENT SUBSTANTIAL SALARY INCREASES RHODESIAN PARLIAMENT VOTED ITSELF HAVE BECOME THE MAJOR TOPICS OF DISCUSSION AMONG WHITES AND HAVE EVEN DIVERTED ATTENTION (AT LEAST TEMPORARILY) FROM THE DECLINING WAR SITUATION AND FAILURE OF THE TRANSITIONAL GOVERNMENT TO MAKE PROGRESS IN REMOVING DISCRIMINATION.

EDMONDSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, CURRENCY VIOLATIONS, POLITICAL LEADERS, ALLEGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PRETOR04055
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780294-0508
Format: TEL
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780748/aaaabnze.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 092a5171-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1970221
Secure: OPEN
Status: NATIVE
Subject: CURRENCY SCANDAL IN RHODESIA MAY INVOLVE GOVERNMENT LEADERS
TAGS: PDEV, PINT, SOPN, RH, SF
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/092a5171-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014